UNITED
NATIONS

DP

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/CP/UAE/5
2 March 1992

ORIGINAL: ENGLISH

Thirty-ninth session
4-29 May 1992, Geneva
Item 6 of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH COUNTRY PROGRAMME FOR THE UNITED ARAB EMIRATES

Programme period	Resources	$
1992-1996	Net IPF	77 000
	Estimated cost-sharing	14 105 700
	Total	14 182 700

CONTENTS

		Paragraphs	Page
I.	DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES	1 - 7	2
	A. Current socio-economic situation	1 - 5	2
	B. National development objectives and strategies ...	6 - 7	3
II.	EXTERNAL COOPERATION	8 - 11	3
	A. Role of external cooperation	8 - 10	3
	B. Aid coordination arrangements	11	4
III.	THE COUNTRY PROGRAMME	12 - 50	4
	A. Assessment of the ongoing country programme	12 - 16	4
	B. Proposals for external cooperation through UNDP ..	17 - 46	6
	C. Assistance outside the main country programme areas	47	12
	D. Implementation and management arrangements	48 - 50	12

Annexes

I.	Financial summary	13
II.	Programme matrix	15

I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. Occupying an area of nearly 78,000 square kilometres, with a current population of fewer than 2 million, the federation, comprising Abu Dhabi, Dubai, Sharjah, Ajman, Umm-Al-Quwain, Ras Al-Khaimah and Fujeirah and known as the United Arab Emirates, has experienced extraordinary economic and social progress during recent decades. The country's total gross domestic product (GDP) increased in real terms at an average annual rate of nearly 14 per cent from 1975 to 1981; but from 1981 to 1988, in marked contrast, it declined to an average yearly rate of about 5 per cent. Preliminary estimates suggest an encouraging sharp upturn in the country's economy during 1989 and 1990, and the general indications point to the likelihood of a moderate pace of expansion during 1991-1992.

2. The population of the country, including expatriates, increased annually at a rate of around 5 per cent during the 1980s. A declining total GDP and a growing total population have resulted in a large contraction in per capita GDP. While the latter compares favourably with that of industrialized countries, the decline suffered in the 1980s posed a new policy challenge. The thrust of economic policy also had to take into account the large differences in the per capita incomes of the seven Emirates that form the federation of the United Arab Emirates.

3. The economy of the United Arab Emirates is dominated by its petroleum reserves. Indeed, world demand for petroleum has shaped in large part the development experience of the country. There are continuing efforts to diversify the country's economy by promoting agricultural and manufacturing activities. While significant results have been achieved during the past two decades, the shares of agriculture and manufacturing in the late 1980s amounted to only 2 per cent and 8 per cent, respectively. Moreover, the structure of manufacturing is dominated by petroleum-based activities. Service activities have formed the principal diversification force and now account for 43 per cent of GDP.

4. The rapid increase in service activities is closely related to the fast pace of urbanization in the United Arab Emirates. Urban dwellers now constitute nearly four fifths of the country's total population, compared to two fifths in the mid-1960s. A large proportion of the total population consists of foreign nationals, whose skills in a wide range of occupations have made a vital contribution to economic and social progress.

5. The country has achieved virtually full enrolment of the children of primary school age. Impressive progress has also been made in secondary school enrolment. In 1988, 62 per cent of the children were enrolled in secondary schools, the figure for females being 68 per cent. Health facilities have continued to be enlarged and improved. Average life expectancy is estimated at 71 years.

B. National development objectives and strategies

6. The development approach of the United Arab Emirates relies heavily on the private sector of the economy as a pivotal force for economic expansion and diversification. The public sector provides key support to the private sector and, by means of education, health, housing and other critical amenities, contributes greatly to the well-being of the people. Thus, in the 1980s, about two thirds of the gross capital formation in the United Arab Emirates took place in the private sector and the remaining one third in the government sector. The bulk of the capital formation in the government sector was financed by the individual emirates. A substantial part of the government capital formation has been directed towards the development of a physical infrastructure which has provided impetus to the expansion of entrepreneurial activities in the private sector. Another significant part has been devoted to the amenities for human resources development.

7. Policy actions of the Government have been devised without the apparatus of a national development plan and, therefore, without formally stated development priorities. However, the unfolding development trends and policy actions reflect the following four development objectives, which are of particular importance for the United Arab Emirates in the 1990s:

(a) Sustained economic growth, through the orderly expansion of the economy and balanced regional development in order to maintain high incomes and living standards;

(b) Economic diversification, through the rational and efficient expansion of manufacturing, agricultural and service activities in order to ensure a gradual reduction in the current heavy reliance on petroleum extraction, while at the same time safeguarding the natural environment;

(c) Human resources development, through greatly enhanced skills of nationals in the widening range of occupations in order to ensure a steady reduction in the current heavy dependence on foreigners, and to promote general economic efficiency; and

(d) Environmental conservation and development, through the enhanced cooperation among the member States of the Gulf Cooperation Council.

II. EXTERNAL COOPERATION

A. Role of external cooperation

8. In recent decades, by virtue of its sizeable foreign exchange earnings from exports of petroleum, the United Arab Emirates has been a net supplier of finance to other countries. Some inflows of foreign private capital are received as a result of the operations of foreign companies, but such inflows are more than offset by the official investments of the United Arab Emirates abroad and financial assistance to other countries.

9. In contrast, because of shortages of a wide variety of professional skills, technical cooperation is a priority need. Nationals constitute only 20 per cent of the total labour force and only 11 per cent of total university graduates are in the applied and natural sciences. Technical assistance is provided from a variety of sources - through the direct hire of a large number of expatriate specialists, as well as a small proportion provided by bilateral and multilateral organizations paid for by the United Arab Emirates. In this connection, the Government attaches particular importance to technical cooperation from the United Nations system, in view of the expertise accumulated by the system from its world-wide operations, as well as its perceived objectivity and impartiality in respect of sensitive policy matters. The important role played by the United Nations Development Programme (UNDP) as the coordinating arm of the United Nations system in matters of technical cooperation is much appreciated. Funded largely by the country itself, such cooperation from the United Nations system amounted to an annual average of $1.7 million from 1985 to 1989.

10. The Government is also cognizant of the importance of technical cooperation among developing countries (TCDC). Efforts also continue to be made to foster cooperation with developing countries, particularly with the countries that have made tangible technological advances. Transfer of technology from both industrialized and relatively advanced developing countries is vital for the development of the economy.

B. Aid coordination arrangements

11. The Ministry of Foreign Affairs is the official coordinating body for technical cooperation. Discussions on technical issues are also held with the Ministry of Planning, federal ministries and local departments in individual Emirates.

III. THE COUNTRY PROGRAMME

A. Assessment of the ongoing country programme

12. The fourth country programme covering the period 1987-1991, focused on: (a) rational development of the economy and balanced regional development; (b) diversification of the economy; (c) development of human resources; and (d) improvement of basic facilities. Financial resources totalling nearly $13 million were programmed. However, the actual expenditure is estimated to be about $7.6 million, or only around 58 per cent of the programme total. This figure includes the expenditure of over $2.1 million on projects that had not been included in the country programme but were approved subsequently. Nearly 93 per cent of the expenditure has been met by the country's own contribution, and 7 per cent from the indicative planning figure (IPF). The outlays on projects relating to transport and communication, human settlements and employment have exceeded the amounts originally programmed, whereas expenditures on projects in other sectors - notably agriculture and industry - have fallen well short of the programmed levels.

13. The changed pattern of expenditure has resulted mainly from the altered economic situation during the 1980s. The downturn in economic activity led to a shrinkage of government revenue and compelled modifications in development priorities. There were also some delays in decision-making by the national authorities and in project implementation by the executing agencies of the United Nations system. Nevertheless, technical cooperation projects have helped not only to fill gaps of professional skills but also to enhance knowledge and capabilities of the staff, especially regarding computerized information systems.

14. Institution-building and direct-support projects constitute the major functions of UNDP assistance. In some projects, the Government was able to provide the counterparts. This enabled the experts to reorient their role from direct-support activities to training and advisory functions. Moreover, in a few cases, the shortages of qualified local manpower was resolved by the introduction of computerized information systems, which met wide acceptance. The impact and effectiveness of the programme can therefore be summarized as follows.

15. The country programme is aimed at supporting government macroplanning and policy measures. The experience derived from the fourth country programme (1987-1991) and the previous three country programmes (1972-1976, 1977-1981 and 1982-1986) has revealed that the technical assistance projects were formulated in the absence of a unifying strategy or framework. Nevertheless, certain themes were developed - such as regional development planning, administrative development, human resources development and computer-based information systems. The experience in the field of regional development planning is in particular noteworthy. Projects in this area were able to formulate and monitor surveys, studies, policy analysis and plans related to urban and rural areas as carried out by the consulting firms. Also, the Government requested assistance in such areas as civil aviation and meteorology, where activities of the individual countries are linked with international networks assisted by a United Nations specialized agency.

16. In the light of the analysis of the fourth country programme, the following lessons have been learned: (a) a well-articulated statement of national development objectives and priorities, as well as the relevant policy directions, would be a helpful indicative framework for harmonious economic and social progress, both spatially and sector-wise. Although designed primarily for the country's own development, this framework would also provide useful guidelines for the programming of external technical cooperation. The indicative framework may take the form of a perspective development plan, with emphasis on economy-wide policies; (b) the need was recognized to strengthen decision-making and policy-coordination arrangements within the Government so as to contribute materially to steering the economy, which has an energetic private sector, in a smooth and efficient manner; and (c) the need was recognized to build up national capabilities for tackling diverse and complex tasks, as an essential step towards promoting self-reliance.

B. Proposals for external cooperation through UNDP

1. Preparatory process

17. In the light of the experience gained from implementation of the fourth country programme, the content of the fifth country programme was shaped. Special opportunities for dialogue with UNDP arose as a result of visits of senior officials from UNDP headquarters.

18. Useful proposals for technical cooperation under the fifth country programme have also been derived from the findings and recommendations of the missions sent to the United Arab Emirates in 1991 by the Department of Technical Cooperation for Development (DTCD), the United Nations Centre for Human Settlements (Habitat), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Children's Fund (UNICEF), the Office for Project Services (OPS), the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the World Bank, the International Maritime Organization (IMO), the International Telecommunications Union (ITU) and the United Nations Industrial Development Organization (UNIDO).

2. Strategy for UNDP cooperation

19. For the UNDP fifth cycle, the Government is sharpening its focus on strengthening national capacities in high-priority areas following a programme approach.

20. National development objectives provide the essential framework within which the range of external assistance will be articulated. In order to assist the United Arab Emirates to attain its development goals, UNDP technical cooperation activities will constitute an integral part of the Government programmes and will be concentrated on the two areas of human resources development and the enhancement of the Government's capacity in various management and technical fields. UNDP activities will also be confined to areas where the United Nations system has a comparative advantage.

21. The Government will follow a strategy of using UNDP support as a catalyst to public and private sector initiatives with the coordination of technical assistance and with the mobilization of resources for timely implementation of development programmes. Furthermore, UNDP's political and sectoral neutrality, its multi-sectoral/interdisciplinary scope, and its universal access to up-to-date international expertise all offer strategic possibilities to the Government to develop effective national economic and social development programmes.

22. Cost effectiveness is an important consideration of the programme. In this respect, various execution modalities will be explored, including the possibility of national implementation, assignment of national project directors and national professionals and the use of short-term consultants and

United Nations Volunteers (UNV) specialists. The utilization of the services of non-governmental organizations (NGOs), which provide cost-effective services and ensure participation at the grass-roots level, will also be an option.

3. Proposed external cooperation through UNDP in selected areas of concentration

23. The Government's aim is to ensure sustained high incomes and living standards through orderly economic growth and balanced regional development, rational and efficient diversification of the economy, and greatly enhanced national skills for development tasks. These national objectives are closely related and call for mutually supportive policy measures. The fifth country programme will contribute to the attainment of these objectives through technical cooperation from the United Nations system.

24. In line with development objectives and priority needs, the fifth country programme is focused on the following four areas: (a) economic planning and management; (b) economic diversification; (c) efficient management of public utilities; and (d) human resources development.

Economic planning and management

25. In the light of the experience of the 1980s, a fundamental objective of the United Arab Emirates is to bring about a continuing expansion of the economy and harmonious development of the country's constituent Emirates so as to sustain high levels of incomes and living standards. UNDP cooperation is envisaged to strengthen planning and management capacity in the following areas.

Economic planning

26. To facilitate the attainment of the above objectives, the country needs an indicative development plan for the 1990s to serve as a coherent framework for designing and executing coordinated policies for national economic growth, for economic diversification and for accelerated development of the backward areas. Such a plan should help the individual emirates, as well as the private sector, to articulate their development actions in line with national priorities and in conducting a dialogue on policy issues with federal ministries. A new technical cooperation programme would assist the Ministry of Planning in preparing, with the collaboration of other concerned ministries: an indicative development plan; in identifying policy options and needs; and in monitoring progress.

Urban and regional planning

27. Long-term planning, with an emphasis on town planning and other physical aspects, has received considerable attention in some Emirates. A long-term plan for the Dubai Emirate was prepared and is being gradually implemented by

the Dubai municipality. A long-term plan for Abu Dhabi is being prepared by the Abu Dhabi Town Planning Department with technical support from an ongoing UNDP project. A new project would assist the Sharajah Emirate in formulating an economic and social plan through the collaborative efforts of the concerned departments of the Emirate. For the Emirates of Ajaman, Umm-Al-Quwain, Ras Al-Khaimah and Fujeirah, whose combined population is about 250,000 or one eighth of the total population of the United Arab Emirates, ideas for development actions in the foreseeable future will emerge from the above plan and from the projects mentioned in the following paragraphs relating to diversification of production activities. The formulation of individual regional development plans would ultimately be coordinated under a national spatial strategy.

Management development

28. Management development is a high-priority area in both the public and private sectors. In the public sector, UNDP cooperation is envisaged to assist in streamlining governmental machinery, and in administrative reform, policy formulation and decentralization of public services. In the private sector, a technical cooperation programme is envisaged through the enhancement of private-sector institutions, with special reference to chambers of commerce and industry.

Economic and social statistics

29. Development perspectives, plans and policies require an adequate and timely flow of economic and social data. While progress has been made in this respect, some important gaps still remain pertaining particularly to national product and income accounts, price data and balance-of-payments statistics. UNDP cooperation is envisaged to strengthen capacity in the area of economic and social statistics.

30. The expected result of the technical cooperation programme in this sector will be the elaboration of a clear development strategy that would have a significant impact, both at the federal and local levels, with a view to accelerating the rate of development in a balanced manner.

Economic diversification

31. Although the petroleum resources will continue to be the mainstay of the economy, rational expansion and location of other production activities have to be promoted to bring about economic diversification and regional balance with due attention to improving the natural environment. In this context, efforts will continue for developing viable agricultural, manufacturing, construction, transport and communication activities.

Agriculture

32. To assist the Ministry of Agriculture and Fisheries in enhancing its capabilities for land-use planning, with particular focus on the expansion of sustainable food production, a new project will contribute to the preparation of soil and land-suitability maps and the establishment of computerized databases for natural resources. Another important activity to enhance the skills of the Ministry's staff is a training programme for the development and management of plants, water, fisheries and animal resource.

Industry

33. To help promote rational and efficient industrialization, a new programme will assist the Ministry of Finance and Industry in such matters as an updated industrial survey, the development of small-scale industries, the recycling of industrial waste, the preparation of feasibility and evaluation studies relating to industrial projects and the operation of an industrial data bank.

Public works

34. Construction and maintenance of public works constitute an important source of diversification in the United Arab Emirates. In this respect, institutional support will be provided to the Ministry of Public Works and Housing covering public works, housing, road development and maintenance. Also, for the planning and construction of the campus of the United Arab Emirates University, an ongoing project will continue to provide assistance and a three-year extension of the project is envisaged.

35. The expected result of the technical cooperation programme in this public works sector will be the enhancement of the institutional aspects and policies which will ultimately lead to a more diversified economy that is less dependent on oil revenues.

Efficient management of public utilities

36. Services constitute a key sector of the economy. While most of the services are provided by the private sector, the economy depends to a large extent on the provision of efficient public services. This requires upgrading of the technical performance of the various departments as well as improvement in the delivery system. A programme of management development at the federal and municipality levels is highly desirable. This programme would explore various delivery systems including the possible privatization of certain utilities whenever appropriate. UNDP will be asked to assist in strengthening the management of a number of public utilities and services, as follows.

Electricity and water

37. At the federal level, keen to achieve efficient management, the Government is studying the possibility of converting the production and supply component of the Ministry of Electricity and Water into a public corporation. The underlying premise is that the electricity and water operations, which are heavily subsidized at present, should be put on a commercial footing.

Civil aviation

38. Air transportation in the United Arab Emirates is being assisted through provision of expert services in flight operations and flight inspection. The United Nations system is also involved in the establishment of a fully operational and effective central forecasting office capable of providing weather forecasts to different users. During the fifth cycle, an integrated programme which would cover, inter alia, management aspects, training of national staff, consolidation of institutional set-up and application of appropriate regulations and systems, would ensure high-quality service and sustainability.

Municipal management

39. At the emirate level, an ongoing project is assisting the Dubai municipality in improving its organizational and management structure, physical planning and municipal activities. This will support the management's role in decision-making and policy formulation, as well as improving the efficiency of municipal services. Dubai municipality has expanding responsibilities which effectively transcend its boundaries. The services provided including, inter alia, planning and development, design, construction and maintenance of roads, bridges, street lighting and traffic signals, sewage treatment, plants, horticulture, public parks, housing and building permits, health activities, and control of certain commercial activities.

Management information services

40. Computer technology is being given special attention by some Emirates. In the Sharjah municipality, its Information Technology Centre is being assisted through the services of specialists aiming at a proper monitoring and control of the municipality activities. The development of its computer and database is aimed at responding effectively and efficiently to the needs of the citizens of Sharjah. Another new project will assist the Finance Department of Sharjah in rationalizing the use of its computer equipment and in integrating this equipment with that of other departments of Sharjah. A further project will assist the Al-Ain municipality in establishing a management information system, thus improving the performance of service delivery.

41. The expected result of the technical cooperation programme in this sector will be the development of management systems that will improve the efficiency of public services. In this respect, cooperation among municipalities and the exchange of experiences in such fields as regional planning and provision of public services will ensure a higher multiplier effect for United Nations-assisted projects.

Human resources development

42. UNDP cooperation will be focused on a number of areas, as indicated below.

Human resources planning and management

43. National development is dependent to a large extent on an expatriate work force. Thus, during the fifth cycle, the need will continue for direct United Nations support and advisory expertise in addressing this problem. In particular, the recommendations made by ILO to the Supreme Manpower Council will be pursued in order to establish a more integrated strategy for human resources development. The Government is currently taking steps to put these recommendations into operation. Furthermore, in future, increasing the share of nationals in the labour force will be emphasized, with experts gradually shifting to advisory functions and mandatory assignment of counterparts so as to facilitate transfer of knowledge. Due to the limited number of nationals in the total work force, the increase in the number of female workers would contribute significantly to the availability of national manpower, particularly in the light of their sound educational level. A computerized labour information system and identification of critical skills are considered high-priority areas for policy formulation and decision-making.

Education and training

44. A modern educational system is being developed to meet professional manpower requirements. To help improve the educational system, technical education, restructuring of curricula for secondary schools and training of teachers are high-priority areas. Another important area is the need at the United Arab Emirates University to help augment its capability in scientific and technological research in the light of the advanced technologies being used in the various sectors of the economy. Also, the University is interested in participating in preparing manpower planning and management development studies and conducting appropriate trainirg in this important discipline on a continuing basis. Such studies will be closely related to the indicative development perspective mentioned earlier.

Social development and welfare

45. The question of social welfare and community participation are high-priority areas. Although the United Arab Emirates is a young State, it has been successful in developing grass-roots organizations in such areas as women's activities, cooperatives, literacy and rehabilitation of the handicapped. This sector is recommended for further development during the

coming cycle and, in this respect, a high-priority project has already been approved for early intervention in childhood education.

46. Although a reasonable level of human development has been reached in providing basic educational, health and sanitation services, the achievement of an integrated social development policy remains a major objective, which is considered as a major output of the technical cooperation programme in this sector.

C. Assistance outside the main country programme areas

47. All ongoing and committed projects, as well as the new projects envisaged under the fifth country programme, fall within the four areas of concentration mentioned above. It is likely that the problem of environment, following the Gulf war, will be handled at the subregional level. There is already a programme developed by the Regional Organization for the Protection of Marine Environment (ROPME) covering the Gulf region where the United Arab Emirates is an active member.

D. Implementation and management arrangements

48. Timely implementation of the fifth country programme will have a critical bearing on the effectiveness of the technical cooperation activities and their impact on economic and social progress. The federal coordinating ministries will take the lead in programme implementation. Aiming at smooth and efficient operations of various technical cooperation programmes, the UNDP office will maintain close contacts with the relevant federal and local entities, as well as with the concerned executing agencies of the United Nations system.

49. In formulating and implementing projects, particular attention will be paid to developing national programmes in each area of concentration so that individual projects constitute essential and strategic parts of wide national objectives. Close monitoring will also be maintained to ensure that UNDP contributions make a significant impact on the attainment of these national objectives. Also, towards the middle of the cycle a mid-term review will be undertaken in accordance with established procedures.

50. In order to achieve timely implementation of the programme, availability of funding will be ensured. The bulk of the programme in the United Arab Emirates will be funded by the Government on a cost-sharing basis.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

	(Thousands of dollars)	
Carry-over from fourth cycle IPF	77 000	
Fifth cycle IPF	-	
Subtotal IPF		77 000
Project cost-sharing (Government)	13 105 700	
Project cost-sharing (Third Party)	1 000 000	
Programme cost-sharing	-	
Subtotal cost-sharing		14 105 700
TOTAL		14 182 700

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	IPF	Cost-sharing	Total	Percentage of total resources
Economic planning and management	-	1 800 000	1 800 000	13.3
Economic diversification	50 000	7 086 100	7 136 100	50.3
Efficient management of public utilities	-	2 636 500	2 636 500	18.6
Human resources development	27 000	2 503 100	2 530 100	17.8
Subtotal	77 000	14 025 700	14 102 700	
Unprogrammed reserve	-	80 000	80 000	
TOTAL	77 000	14 105 700	14 182 700	100

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds	
SPR	-
UNCDF	-
UNSO	-
UNIFEM	-
UNRFNRE	-
UNFSTD	-
Subtotal	-
B. Other United Nations resources	
JCGP participating agencies:	
UNFPA	-
UNICEF	-
WFP	-
IFAD	-
Other United Nations agencies (non-UNDP financed)	-
Global Environment Facility	-
Subtotal	-
Total non-core and other United Nations resources	-
C. Non-United Nations resources	-
TOTAL	-

Annex II

PROGRAMME MATRIX

Selected areas of concentration	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	Women in development
I. ECONOMIC PLANNING AND MANAGEMENT						
Economic Planning		*				
Urban and Regional Planning		*	*			
Management Development			*			
Economic and Social Statistics			*			
II. ECONOMIC DIVERSIFICATION						
Agriculture		*			*	
Industry			*		*	
Public Works		*	*			
III. EFFICIENT MANAGEMENT OF PUBLIC UTILITIES						
Electricity and Water		*	*			
Civil Aviation			*		*	
Municipal Management			*	*		
Management Information Services			*	*	*	
IV. HUMAN RESOURCES DEVELOPMENT						
Human Resources			*			*
Planning and Management			*		*	
Education and Training						
Social Development	*		*			*

* Asterisks indicate major linkage only.